

## Compliance Assessment Sampling Plan – Bonded Warehouses

Attribute, Test, Error(s) & Criteria	Sampling Parameters	Universe	Potential Sampling Frame(s)	Evaluation of Compliance Testing & Actions Needed
<p><b>Attribute:</b> Does the importer properly account for quota merchandise stored in a bonded warehouse in accordance with 19 CFR Parts 19 and 132?</p> <p><b>Test (Primary Audit Steps):</b></p> <ol style="list-style-type: none"> <li>(1) Using an ACS printout, verify the description and quantity for both quota and non-quota merchandise.</li> <li>(2) Verify whether re-warehoused quota merchandise is still classified as quota merchandise.</li> <li>(3) Verify that quota was available at the time merchandise was withdrawn for consumption. If tariff rate quota was involved, verify that the appropriate duty rate was paid.</li> <li>(4) Determine if the company's internal control policies and procedures for quota merchandise in bonded warehouses were <ul style="list-style-type: none"> <li>• Documented, and</li> <li>• Produced accurate warehouse entries for quota merchandise.</li> </ul> </li> </ol> <p><b>Errors:</b></p> <ol style="list-style-type: none"> <li>(1) Quota merchandise was diverted into commerce of the U.S. when quota was closed</li> <li>(2) Incorrect description of merchandise to evade quota restrictions or gain other trade preferences</li> <li>(3) Incorrect quantity of merchandise in warehouse</li> <li>(4) Removal of merchandise from warehouse before duty paid or permits received from Customs</li> </ol> <p><b>Criteria for Testing (Statistical Sample or 100% Review):</b></p> <p>• Quota merchandise entered/stored/removed from warehouse</p>	<p><b>Approach:</b> attribute estimation sampling using the average error rate (point estimate) for evaluating compliance</p> <p><b>Confidence Level:</b> 95%</p> <p><b>Sampling Error (Precision):</b> ±5% (10% range)</p> <p><b>Anticipated Error Rate:</b> 5%</p>	<p>Merchandise entered / stored / removed from a bonded warehouse during the importer's last completed fiscal year</p>	<p><b>Customs' Records:</b> ACS Line Items</p> <p><b>Importer's Records:</b> Permit file</p> <p><b>Sampling Frame:</b> _____</p> <p><b>Validated Sample:</b>  • Yes • No</p> <p><b>Frame Size:</b> _____</p> <p><b>Sample Size:</b> _____</p>	<p><b>LOL Compliance Rate:</b>____ %</p> <p><b>Systemic/ Non-Systemic or Recurring Errors?</b></p> <ul style="list-style-type: none"> <li>– If systemic, recommend importer correct cause of error(s).</li> <li>– If recurring, project the effect and recommend collection of unpaid duties and fees.</li> <li>– If non-recurring, recommend collection of duties and fees on identified errors, if applicable.</li> </ul> <p>• <b>LOL Error Rate ≤ 5%</b></p> <ul style="list-style-type: none"> <li>– If internal controls were documented, compliance is at an acceptable level for quota merchandise stored in a bonded warehouse.</li> <li>– If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP.</li> </ul> <p>• <b>LOL Error Rate &gt; 5%</b></p> <p><b>Apply materiality criteria.</b> (CAT Kit Exhibit 32)</p> <p><b>Materiality Compliance Rate:</b>____ %</p> <p>• <b>Materiality Compliance Rate is acceptable</b></p> <ul style="list-style-type: none"> <li>– If internal controls were documented, compliance is at an acceptable level for quota merchandise stored in a bonded warehouse.</li> <li>– If internal controls were not documented, coordinate with the Account Manager to help company develop a CIP.</li> </ul> <p>• <b>Materiality Compliance Rate is unacceptable</b></p> <ul style="list-style-type: none"> <li>– If materiality error rate is not acceptable, compliance for storing quota merchandise in a bonded warehouse is not acceptable. Coordinate with the Account Manager to help company develop a CIP.</li> </ul> <p><b>Prepare results sheet and refer to the Enforcement Evaluation Team (EET) if findings meet the EET impact level for referral.</b></p>